Chicago Metropolitan Agency for Planning

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Chicago Metropolitan Agency for Planning

Draft Transportation Committee Agenda
Friday November 14, 2008

Cook County Conference Room
233 S. Wacker Drive, Suite 800, Sears Tower
Chicago, Illinois

1.0 Call to Order and Introductions **9:30 AM**

Luann Hamilton, Committee Chair

2.0 Agenda Changes and Announcements

Illinois State Implementation Plan Public Hearing

The Illinois Environmental Protection Agency will hold a public hearing on December 16, 2008 at 11:30 am in Room 9-031 of the James R Thompson Center to take public comments on three air quality State Implementation Plans (SIPs) affecting the Northeastern Illinois area. The first plan describes how the region will attain the 1997 8-hour ozone standard in the year 2009. The second plan is a redesignation request in which the Illinois EPA is asking the U.S. Environmental Protection Agency to reclassify the northeastern Illinois region to attainment of the 8-hour ozone standard. This request includes a "Maintenance Plan" which describes how the region will stay in attainment with the 8-hour ozone standard through the year 2020. These two plans will contain motor vehicle emissions budgets which must be used in transportation conformity determinations. The third element of the public hearing concerns the state's proposed designation of areas of the state as either attainment or nonattainment of the new 8-hour ozone standard adopted in March 2008. These SIPs will be posted on the Illinois EPA website at www.epa.state.il.us . Public comment on these plans will be accepted at the hearing and for an additional 30 days.

Public Forums - Sustainable Schools in Illinois: The Significance of School Location and Walkability

See attached flyer.

3.0 Approval of Minutes

The draft minutes from the September 26, 2008 meeting are attached.

ACTION REQUESTED: Approval of minutes of the September 26, 2008 meeting.

4.0 Coordinating Committee Reports

On October 8, both the Programming and Planning Committee meet. The Chairman and Vice Chairman of the Transportation Committee will give updates on their respective coordinating committee's meeting.

ACTION REQUESTED: Discussion

5.0 RTA Update

This is a standing committee agenda item for RTA to update the committee on implementation of HB 656 and other relevant topics.

ACTION REQUESTED: Discussion

6.0 Transportation Improvement Program (TIP) (Holly Ostdick)

6.1 TIP Revisions

Approvals of TIP revisions that exceed amendment thresholds have been requested. The TIP Amendments and Revisions are attached.

ACTION REQUESTED: Approval

6.2 Rescission Table

Staff has created a rescission table for the committee and general public. This table clarifies what funding sources are eligible for rescissions and how projects can become obligated to avoid being rescinded.

ACTION REQUESTED: Information

6.3 Attachment A

Update Attachment A to change selected year of the TIP from FFY 08 to FFY 09.

ACTION REQUESTED: Approval of the updated Attachment A

6.4 State/Regional Resources Table

The State/Regional Resources Table has been updated to show federal fiscal year 2009 resources.

ACTION REQUESTED: Acceptance of the updated State/Regional Resources Table

6.5 Proposed meeting dates for 2009

The proposed meeting dates are listed below. Committee input will be sought.

01/16/2009
03/06/2009
04/24/2009
06/12/2009
07/31/2009
09/18/2009
11/20/2009

ACTION REQUESTED: Agreement on Transportation Committee meeting dates for 2009.

7.0 GO TO 2040 Update

7.1 Strategy Research and Scenario Modeling (Bob Dean)

Staff has begun technical analysis of the strategies that make up the GO TO 2040 alternative scenarios. The process being used for this and the expected role of the committee will be discussed.

ACTION REQUESTED: Discussion

7.2 Public – Private Partnership Research (Bob Dean)

CMAP has contracted with the Volpe Center, the research branch of USDOT, for assistance on several aspects of the plan. As part of this contract, the Volpe Center has prepared a white paper exploring potential roles for CMAP in the area of public-private partnerships, based on an examination of best practices nationally. A copy of this paper is attached. The report does not reflect adopted CMAP policy, but it presents potential policy directions. The committee is asked to review this document and provide input on an appropriate role for CMAP in addressing public-private partnerships in the GO TO 2040 plan.

ACTION REQUESTED: Information

7.3 Air Quality Snapshot (Kristin Heery)

Staff will review an outline of the draft report and present initial findings with respect to the status of air quality in the region.

ACTION REQUESTED: Information

7.4 Financial Plan (Matt Maloney)

The GO TO 2040 plan is expected to include a robust financial plan. Progress on the development of this plan is described in the attached memo. In particular, staff would like to ask members of the Transportation committee to assist with the development of cost assumptions for transportation improvement and maintenance activities.

ACTION REQUESTED: Information

8.0 A National Evaluation of User Outcomes of Employment Transportation Service Funded by the JARC Program (Vonu Thakuriah)

Travel and labor market outcomes experienced by users of JARC-funded fixed-route and demand-responsive transit services based on a nationwide data collection effort will be discussed.

ACTION REQUESTED: Discussion

9.0 DuPage County Web-Based Crash Analysis Application (John Loper)

Mr. Loper will review DuPage County's recent UWP-funded traffic crash data analysis system. The web-based system using IDOT-processed police crash reports is available to communities throughout the County for police, engineering, and safety program activities.

ACTION REQUESTED: Information

10.0 Public Comment

This is an opportunity for comments from members of the audience. The amount of time available to speak will be at the chair's discretion.

11.0 Other Business

12.0 Next Meeting

The next meeting is scheduled for December 12, 2008 at 9:30 a.m. in the Cook County Room.

13.0 Adjournment

Transportation Committee Members:

___ **Charles Abraham**	___ **Don Kopec**	___ **Joe Schofer**
___ **Thomas Cuculich****	___ **Paul Losos**	___ **Dick Smith**
___ **Rocky Donahue**	___ **Mike McLaughlin**	___ **David Simmons**
___ **John Donovan*****	___ **Jan Metzger**	___ **Steve Strains**
___ **John Fortmann**	___ **Arlene Mulder**	___ **Vonu Thakuriah**
___ **Bruce Gould**	___ **Randy Neufeld**	___ **Paula Trigg**
___ **Rupert Graham, Jr**	___ **Jason Osborn**	___ **David Werner*****
___ **Jack Groner**	___ **Leanne Redden**	___ **Ken Yunker**
___ **Luann Hamilton***	___ **Thomas Rickert**	___ **Tom Zapler**
___ **Fran Klaas**	___ **Mike Rogers**	___ **Rocco Zucchero**

***Chair** ****Vice-Chair** *****Non-voting**

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DRAFT Minutes
September 26, 2008

Cook County Conference Room
233 S. Wacker Drive, Suite 800, Sears Tower
Chicago, Illinois

Members Present: Chair – Luann Hamilton - CDOT, Vice Chair – Thomas Cuculich – DuPage County, Bruce Christensen - Lake County, Roger Craig – Council of Mayors, John Donovan – FHWA, Steven Coffinbargar - Kane County, Ted Georgas – Cook County, Henry Guerriero - Illinois Tollway, Bob Hann – Private Providers, Don Kopec - CMAP, David Kralik - Metra, Christina Kupkowski - Will County, Steve Mastny - IDOT District One, Randy Neufeld - Bicycle and Pedestrian Task Force, Jason Osborn - McHenry County. David Simmons - CTA, Dick Smith - IDOT, Holly Smith - Kendall County, Lorraine Snorden – Pace, Sidney Weseman - RTA, Tom Zapler - Railroad Companies

Members Absent: Chuck Abraham – IDOT-DPIT, Vanessa Adams– FTA - USDOT Chicago Metro Office, Bill Brown – NIRPC, Rocky Donahue – Pace, Will Glassborg – CNT, Chris Hiebert – SEWRPC, Mike Rogers – IEPA, Joe Sofer – Northwestern University, Vonu Thakuriah - UIC-UTC

Others Present: Kristen Bennett, Leonard Cannata, Jay Ciavarella, Ashley Collins, Mike Connelly, Chalen Daigle, Kama Dobbs, Sheena Freve, Marc Garcia, Tam Kutzmark, Joe Moriarity, Chad Riddle, Chris Staron, Mike Sullivan, Emily Tapia, Mike Walczak, Tammy Wierciak

Staff Present: Shana Alford, Patricia Berry, Andrew Williams Clark, Bob Dean, Teri Dixon, Doug Ferguson, Leroy Kos, Tom Murtha, Roseann O'Laughlin, Holly Ostdick, Russell Pietrowiak, Ylda Pinero, Joy Schaad, Todd Schmidt

1.0 Call to Order and Introductions

Luanne Hamilton, Committee Chair, called the meeting to order at 9:34 a.m.

2.0 Agenda Changes and Announcements

There will be a meeting with the Illinois Department of Transportation and CMAP to discuss a regional construction calendar.

3.0 Approval of Minutes

On a motion by Mr. Kopec, seconded by Mr. Hann, the minutes were approved. Vote: All Ayes. Motion Carried.

4.0 Coordinating Committee Reports

Ms. Hamilton reported that at the Planning Coordinating Committee scenario construction and regional indicators were the main point of discussion. Both items are scheduled to be presented to the transportation committee.

Mr. Cuculich reported on the Programming Committee meeting. He stated that the committee discussed and agreed to release the draft document on the DRI initiative. The staff completed a summary and analysis of comments by the working committees. The summary included suggestions on how to revise the language. Staff was then directed to make the changes to the document and distribute to the committee for final release to the stakeholders. Staff was also commended on the presentation of the comments for the draft DRI document.

5.0 Transportation Improvement Program (TIP)

5.1 Transportation Improvement Program

Ms. Ostdick requested committee approval of amendments to not exempt and exempt TIP projects that exceed amendment thresholds. She stated that the amendments to the TIP were released one week before the committee for public comment and that no comments were received. Ms. Ostdick stated that at the next Transportation Committee there will be numerous changes because FFY08 will be over and projects will be moved or awarded.

On a motion by Mr. Wesemen seconded by Mr. Christensen the not exempt and exempt project amendments were approved. Vote: All Ayes. Motion Carried.

5.2 Semi-annual TIP Amendment and RTP Update

Ms. Ostdick stated that the public comment period ended September 21. There were three comments received. All comments received a reply. Ms. Ostdick stated that four CTA Bus Rapid Transit (BRT) projects for the Congestion Reduction Initiative will need to be removed form the amendment pending approval by the RTA Board. Ms. Ostdick requested that the committee recommend the RTP Update, TIP Amendment and conformity analysis without the four BRT projects to the Programming Coordinating Committee and MPO

Policy Committee for approval and asked that the MPO Policy Committee delegate approval of the BRT projects to the next Transportation Committee.

On a motion by Mr. Wesemen, seconded by Mr. Cuculich, the RTP Update, TIP Amendment and conformity analysis was recommended to the MPO Policy Committee for approval. Vote: All Ayes. Motion Carried

6.0 Congestion Mitigation Air Quality Improvement Program (CMAQ)

6.1 FFY 2009 CMAQ Proposed Program

Mr. Ferguson stated that the public comment period for the Federal Fiscal Year 2009 Multi-Year CMAQ proposed program closed August 26, 2008. The CMAQ Project Selection Committee approved the staff responses to the comments and recommended approval of a revised proposed program to the Transportation Committee. The comments and staff responses along with the revised proposed program are attached. There were some questions on specific projects. One specific concern was about railroad switcher engines retrofits and guarantees that those switcher engines would remain in northeastern Illinois region. Mr. Zapler stated that the railroad companies had agreed that those engines using CMAQ funding would remain in this region at minimum 10 years.

On a motion by Mr. Kopec, seconded by Mr. Christensen, the committee concurred with the responses to comments and recommend approval of the revised proposed FY 2009 Multi-Year CMAQ Program to the Programming Coordinating Committee and the MPO Policy Committee. Vote: All Ayes. Motion Carried.

6.2 Consideration of Withdrawal of Funds from CMAQ Projects

The CMAQ Project Selection Committee has recommended withdrawing CMAQ funding from three projects; Oak Forest Police Bicycle Patrol Program, Glenview Tech Trail-Golf Rd Overpass and Lake Street at Lathrop Intersection Improvement in River Forest. A question arose about these projects and if the withdrawal of funding from projects in the future must go to MPO Policy Committee or can they be handled through the TIP modification and amendment process. Staff will be examining the possibility.

On a motion by Mr. Smith, seconded by Mr. Kopec, the committee recommended approval of the withdrawal of funds from three CMAQ projects for approval by the MPO Policy Committee. Vote: All Ayes. Motion Carried.

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On a motion by Mr. Smith, seconded by Mr. Kopec, the committee recommended approval of the withdrawal of funds from three CMAQ projects for approval by the MPO Policy Committee. Vote: All Ayes. Motion Carried

7.0 Transportation Indicators

Mr. Williams Clark discussed the transportation indicators. He reiterated that there are several components related to indicators, including the regional vision, an on-line "data warehouse," the tracking indicators themselves, and scenario development. The indicators have been vetted through community meetings, experts in various fields and the various CMAP committees. Staff has refined the indicators based on the input. Because of the nature of most indicators, the staff has made a diligent effort to recognize the overlapping nature of many of the indicators. Mr. Williams Clark noted that many transportation indicators were relevant for other themes. Mr. Smith asked if the data warehouse would be available on-line. The response was yes. Mr. Smith stated that this is a issue of confidentiality; there is some information that IDOT is legally bound not to publish such as accident data. Staff responded that this is an important consideration, and that care would be taken with confidential information. Mr. Wesemen inquired about the status of various RTA suggestions submitted after the agenda was distributed. Mr. Murtha noted that the suggestions were addressed in the revised proposal at the members' places. In response to further comment, staff also agreed to revise items regarding pavement and bridge condition indicators. Metra felt that 3.2, 2.2, 5.2 and 9.7 should be looked at closely.

On a motion by Mr. , seconded by Mr. , the transportation indicators were recommended for MPO Policy Committee approval. Vote: All Ayes. Motion Carried

8.0 Scenario Construction

Mr. Dean stated that the Planning Coordinating Committee had discussed the identities of the scenarios at their September meeting. Mr. Cuculich inquired about scenario development and how priorities would be assigned. Mr. Dean said that scenarios were to be operational and systematic, without major capital projects explicitly included. The next step will be working on specific details and doing quantitative evaluation. In the spring, there will be ample opportunity for public discussion and comment, and the committee will be asked for additional input over the upcoming months.

9.0 Major Capital Projects in *GO TO 2040*

Mr. Patronsky gave a brief introduction to the Major Capital Projects for *GO TO 2040*. He explained existing projects would be examined, an evaluation measure will be developed and there is a financial component. In the upcoming months there will be more information and discussion on major capital projects.

10.0 Trust Fund Solvency (John Donovan and Dick Smith)

Mr. Donovan explained that an $8 billion short fall had been projected based on fuel tax revenue estimates. In response $8 billion was transferred from the General Fund. Mr. Smith stated IDOT has received all payments from the trust fund but that this problem is not going away. No one is sure how this will all play out. Ms. Hamilton asked about the transit trust fund. Mr. Donovan state that the transit fund is planned to be in balance through 2011 but is based off the same estimates as the Highway Trust Fund. Mr. Wesemen commented that there will be discussion on funding the highway trust fund. Mr. Donovan conveyed that the next bill passed would need to look at new revenue source. Mr. Johnson asked if it was possible that FHWA will not obligate projects. Mr. Smith replied not at this time. Mr. Osborn asked if this is a discussion that should be at the state/regional level.

11.0 Freight Snapshot

Ms. O'Laughlin presented a draft outline for Freight Snapshot. Strategies and scenarios are being developed for the 2040 plan. Mr. Cuculich wanted to know how snapshots are initiated. Mr. Dean and Ms. O'Laughlin acknowledged that the snapshots are staff driven. Mr. Cuculich was concerned that public resources are being spent on private data and that the information that railroad currently have should not be duplicated but shared by the railroad. Mr. Zapler stated that this is being worked on by staff and railroads. Ms. Hamilton inquired if the snapshot will address short and long term freight issues. Ms. O'Laughlin explained that yes, the snapshot will attempt to do so. Ms. O'Laughlin will be coming to the committee again after more work has been completed on this snapshot

12.0 RTA Update

Mr. Weseman state the RTA Plan update remains the same.

13.0 Preliminary RTA Funding Program of Projects

The call for projects for four funding programs at the Regional Tranpsortation Authority (RTA) occurred in late June and was due in August. On September 15 the RTA board reviewed the projects and they are currently out for public comment. The programs are the Community Planning Program, the Subregional

Planning Program, the Job Access Reverse Commute/New Freedom (JARC/NF) Program and the Innovation, Coordination and Enhancement (ICE) Program.

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14.0 Public Comment

There was no public comment.

15.0 Next Meeting

The next meeting is scheduled for October 24, 2008 at 9:30 a.m. in the Cook County Room.

16.0 Adjournment

A motion was made and seconded for adjournment. The meeting adjourned at 11:22 a.m.

Respectfully Submitted,

Teri Dixon
Senior Planner
Staff Liaison

Transportation Committee Members:

___ **Charles Abraham**	___ **Fran Klaas**	___ **Mike Rogers**
___ **Vanessa Adams *****	___ **Don Kopec**	___ **Joe Schofer**
___ **Thomas Cuculich****	___ **Paul Losos**	___ **Dick Smith**
___ **Rocky Donahue**	___ **Mike McLaughlin**	___ **David Simmons**
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***Chair** ****Vice-Chair** *****Non-voting**

PUBLIC FORUMS

SUSTAINABLE SCHOOLS IN ILLINOIS:
THE SIGNIFICANCE OF SCHOOL LOCATION AND WALKABILITY

December 2, 2008: 7:00-8:30pm, networking from 8:30-9:00pm
DuPage ROE Professional Development Center
1519 S. Grace St., Lombard

December 3, 2008: 7:00-8:30pm, networking from 8:30-9:00pm
Public Library of Springfield
326 S. 7th St., Springfield

Opening presentation by Royce Yeater,
Midwest Director of the National Trust for Historic Preservation
Panel discussion and Q & A to follow

Presentations and discussions will cover the following:

- Benefits of walkable neighborhood schools and why such schools are increasingly rare in Illinois.
- Consequences of building schools where walking and biking to school aren't possible.
- How to ensure that Illinois schools—-new and existing--are designed to make walking to school possible.

For more information, contact Jon Zirkle from Lt. Governor Pat Quinn's Office at 312-814-2094 or Jonathon.Zirkle@Illinois.gov.

**Public listening sessions are free of charge.
Seating and refreshments available on a first-come, first-serve basis.

Public forum brought to you by the Sustainable Schools in Illinois project, funded by the National Trust for Historic Preservation, US Environmental Protection Agency, and Jessie Ball DuPont Fund. Also supported by:

Healthy Schools Campaign
Office of the Lieutenant Governor
Landmarks Illinois
Chicagoland Bicycle Federation
IL Historic Preservation Agency
AIA Illinois

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MEMORANDUM

To: **Transportation Committee**

Date: **November 14, 2008**

From: **CMAP Staff**

Re: **TIP revisions**

Due to the number of TIP revisions requested, a summary memo has been developed. There are 1,203 TIP revisions being requested. The many changes are due to two things:

- All line items that were in Federal Fiscal Year (FFY) 2008 had to be awarded, deleted, or moved. This is done not only because it is the end of the year but also so we can update the TIP to include the next Federal Fiscal Year.
- TIP changes that occur on a regular basis within individual programs which include adding new exempt projects, moving programming years as needed, correcting location information, etc.

All programming agencies submitted changes and were requested to verify that the correct change was made. The following chart shows the types of changes that are occurring; these changes are included in the four reports highlighted below.

Change Project	16
Delete Project	37
Change Line Item	749
Award Project	254
New Project	147

To view the reports, please click on the link below.

Not-Exempt Projects with Amendments

Exempt Projects with Amendments

Not-Exempt Projects with Modifications

Exempt Projects with Modifications

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Chicago Metropolitan Agency for Planning

Federal Rescission Explanation

Fund Source	Programming Agency	When funds are safe from rescission
Enhancement	IDOT	When the Federal Government agrees to participate in the project, otherwise known as federal authorization (attached)
CMAQ	CMAP	
STP	Local Councils	
Bridge	IDOT	
HPP	Legislatures	Unless the Legislature acts on it, they are safe.

Letting Schedule: 2008-2010							
IDOT-Bureau of Local Road and Streets							
Region One							
Pre-Final Plans due to IDOT	Draft Join Agreement to BLR	PS&E to Region One	Final Construction Engineering, Railroad & Join Agreements to BLR	ROW Certified by Bureau of Land Acquisition	Federal Authorization Date for Engineering and Right of Way	Federal Authorization Date for Exempt Construction Projects	Letting
May 16, 2008	July 18, 2008	July 18, 2008	September 19, 2008	September 24, 2008	September 19, 2008	September 26, 2008	November 7, 2008
July 25, 2008	September 26, 2008	September 26, 2008	November 28, 2008	December 3, 2008	November 21, 2008	November 28, 2008	January 16, 2009
September 12, 2008	November 14, 2008	November 14, 2008	January 16, 2009	January 21, 2009	January 16, 2009	January 23, 2009	March 6, 2009
October 31, 2008	January 2, 2009	January 2, 2009	March 6, 2009	March 11, 2009	March 6, 2009	March 13, 2009	April 24, 2009
December 19, 2008	February 20, 2009	February 20, 2009	April 24, 2009	April 29, 2009	April 24, 2009	May 1, 2009	June 12, 2009
February 6, 2009	April 10, 2009	April 10, 2009	June 12, 2009	June 17, 2009	June 12, 2009	June 19, 2009	July 31, 2009
March 27, 2009	May 29, 2009	May 29, 2009	July 31, 2009	August 5, 2009	July 31, 2009	August 7, 2009	September 18, 2009
May 15, 2009	July 17, 2009	July 17, 2009	September 18, 2009	September 23, 2009	September 18, 2009	September 25, 2009	November 6, 2009

Attachment A

Selected Year(s)

FY 09 is the selected year of the FY 07-12 TIP

Fund Sources	
BRD	Bridge Discretionary Program
BRR	Highway/Bridge Replacement/Rehabilitation Program
CMAQ	Congestion Mitigation/Air Quality
FNS	FTA New Start
FTA	FTA Urban Formula and/or Fixed Guideway
FTA/BUS	FTA Bus Discretionary
FTA/E-H	FTA Elderly/Handicapped
FTA Sec 112	Congressionally designated surface transportation projects
FTA Sec 115	Congressionally designated surface transportation projects
FTA Sec 117	Congressionally designated surface transportation projects
FTA Sec 125	Congressionally designated surface transportation projects
GEN-OP	General Revenues
HPP	High Priority Program
I-D	Interstate Discretionary Funding
I-M	Interstate Maintenance
ICC	Illinois Commerce Commission
ILL	State of Illinois Funding
ITS	Intelligent Transportation Systems
JARC (FTA 5316)	Job Access and Reverse Commute Grant
MFT-ALL	Allocated Motor Fuel Taxes
MFT-LOC	Locally Imposed Motor Fuel Taxes
NCP	National Corridor Planning and Border Infrastructure Programs
NEWF (FTA 5317)	New Freedom
NHS	National Highway System
NRS	Project of National and Regional Significance
OGL	Operation GreenLight Funds
OTH	Other or Miscellaneous Local Funding
PRV	Private
RTA	Regional Transportation Authority
SB	Service Board
SCIP	100% SCIP
SPEC	Other Special Assessment or Taxing District
SR2S	Safe Routes to School
STP-C	Surface Transportation Program (STP) County Programmed
STP-E	STP Enhancement Funds
STP-L	STP Urban Funds-Locally Programmed
STP-P	Surface Transportation Project
STP-R	STP Rural Funds
STP-S	STP Safety Funds
STP-U	STP Urban Funds-State Programmed
TCSP	Transportation and Community and System Preservation Pilot
TOLL	Illinois State Toll Highway Authority

Chicago Metropolitan Agency for Planning

November 10, 2008 **Draft**

Table 3 -1
Chicago Metropolitan Agency for Planning
Preliminary State / Regional Resources
All Figures are in millions $

Draft

	FFY 2009			FFY 2010			FFY 2011			FFY 2012			FFY 2013			Summary FFY 2009-2013		
(Statewide) (A)(1)	Federal	Match Needs	Total	Federal	Match Needs	Total	Federal	Match Needs	Total	Federal	Match Needs	Total	Federal	Match Needs	Total	Federal	Match Needs	Total
FAI Maintenance	264.520	29.391	293.911	264.520	29.391	293.911	264.520	29.391	293.911	264.520	29.391	293.911	264.520	29.391	293.911	1,322.600	146.956	1,469.556
FAI Maintenance (Disc)																		
NHS	225.548	56.387	281.935	225.548	56.387	281.935	225.548	56.387	281.935	225.548	56.387	281.935	225.548	56.387	281.935	1,127.740	281.935	1,409.675
HBRRP	145.934	36.484	182.418	145.934	36.484	182.418	145.934	36.484	182.418	145.934	36.484	182.418	145.934	36.484	182.418	729.670	182.418	912.088
Equity Bonus	92.676	23.169	115.845	92.676	23.169	115.845	92.676	23.169	115.845	92.676	23.169	115.845	92.676	23.169	115.845	463.380	115.845	579.225
STP	98.900	24.725	123.625	98.900	24.725	123.625	98.900	24.725	123.625	98.900	24.725	123.625	98.900	24.725	123.625	494.500	123.625	618.125
Safety (HSIP)	45.459	5.051	50.510	45.459	5.051	50.510	45.459	5.051	50.510	45.459	5.051	50.510	45.459	5.051	50.510	227.295	25.255	252.550
Safety (RR Xing)	10.157	1.129	11.286	10.157	1.129	11.286	10.157	1.129	11.286	10.157	1.129	11.286	10.157	1.129	11.286	50.785	5.643	56.428
STP (Enhancement 10%)	29.204	7.301	36.505	29.204	7.301	36.505	29.204	7.301	36.505	29.204	7.301	36.505	29.204	7.301	36.505	146.020	36.505	182.525
High Priority Projects	119.110	0.000	119.110	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	119.110	0.000	119.110
Recreational Trails	1.769	0.442	2.211	1.769	0.442	2.211	1.769	0.442	2.211	1.769	0.442	2.211	1.769	0.442	2.211	8.845	2.211	11.056
	1,033.277	184.078	1,217.355	914.167	184.0784	1,098.245	914.167	184.0784	1,098.245	914.167	184.078	1,098.245	914.167	184.0784	1,098.245	4,689.945	920.3921	5,610.337
Match Resources / State Only (B) >>>		566.000	566.000		512.400	512.400		512.400	512.400		512.400	512.400		512.400	512.400		2,615.600	2,615.600
(Regionwide FHWA) (2)																		
STP Local	105.977	26.494	132.471	105.977	26.494	132.471	105.977	26.494	132.471	105.977	26.494	132.471	105.977	22.821	114.103	529.885	128.798	643.988
STP Counties	2.947	0.737	3.684	2.947	0.737	3.684	2.947	0.737	3.684	2.947	0.737	3.684	2.947	0.737	3.684	14.735	3.684	18.419
CMAQ (MPO Region)	91.219	22.805	114.024	91.219	22.805	114.024	91.219	22.805	114.024	91.219	22.805	114.024	91.219	22.805	114.024	456.095	114.024	570.119
High Priortity Projects	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	200.143	50.036	250.179	200.143	50.036	250.179	200.143	50.036	250.179	200.143	50.036	250.179	200.143	46.363	231.811	1,000.715	246.506	1,232.526
Match Resources (Local) (3)		382.118	382.118		382.118	382.118		382.118	382.118		382.118	382.118		382.118	382.118		1,910.590	1,910.590
(Regionwide FTA) (C)																		
Sect. 5307/ 5340	244.600	61.150	305.750	254.400	63.600	318.000	264.600	66.150	330.750	275.200	68.800	344.000	286.200	71.550	357.750	1,325.000	331.250	1,656.250
Sect. 5307 (4)	(74.702)	(18.676)	(93.378)	(89.738)	(22.435)	(112.173)	(103.775)	(25.944)	(129.719)	(115.094)	(28.774)	(143.868)	(115.107)	(28.777)	(143.884)	(498.416)	(124.604)	(623.020)
Sect. 5309(m)(2)(B)	167.100	41.775	208.875	173.800	43.450	217.250	180.700	45.175	225.875	187.900	46.975	234.875	195.500	48.875	244.375	905.000	226.250	1,131.250
Sect. 5309(m)(2)(A) (New Start) (5)	30.474	7.619	38.093	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	30.474	7.619	38.093
Sect. 5309(m)(2)(C)	5.201	1.300	6.501	1.500	0.375	1.875	1.500	0.375	1.875	1.500	0.375	1.875	1.500	0.375	1.875	11.201	2.800	14.001
Sect. 5339 (Alternatives Analysis)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	372.673	93.168	465.841	339.962	84.991	424.953	343.025	85.756	428.781	349.506	87.377	436.883	368.093	92.023	460.116	1,773.259	443.315	2,216.574
Match Resources / RTA (6)(7)		80.232	80.232		831.66	831.66		858.801	858.801		686.045	686.045		688.367	688.367		3,145.105	3,145.105

Notes: A- FHWA SAFETEA-LU apportionments for FFY 2009, FHWA, Illinois Div., Springfield.
B- State matching resurces for FY 2009 through 2014 are from the Proposed Highway Improvement Program; IDOT
C- FTA estimates are from the FY 2009 through 2018 Prelim.Capital Plan Funding Marks; RTA, Sept. 15, 2008

1- Statewide figures are based upon SAFETEA-LU apportionments from FHWA to the states. All forecasts assume SAFETEA-LU authorization levels. Fund estimates for FY 2010 through FY 2013 utilize the estimates for FFY 2009. Regional amounts of IDOT statewide funds will vary based upon project readiness, and are subject to IDOT priorities and obligation ceilings.
2- Regional figures are based on setasides for local programming, designated program funds and apportionment estimates for FTA programs.
3- Local match resources for regionally funded programs are from state MFT distributions as set by state law for counties and municipalities.
4- Sect 5307 is reduced by the estimated amounts for debt service.
5- New Start funding for FY 2009 are estimates for eligible projects and FFGA's.
6- RTA match sources are from regional / State taxes, operating funds and bonding authority.
7- RTA estimates are contingent on revisions due to FFY 2009 FTA apportionments and actions by the Illinois Legislature.
a- Statewide figures are subject to revision. The major fund categories include Equity Bonus distributions.

Action Strategy Paper: Public Private Partnerships

Prepared for the Chicago Metropolitan Agency for Planning

October 2008

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1 Overview

1.1 Legal Boundaries

The decision to authorize the use of Public-Private Partnerships (PPPs) rests with individual states. Currently, approximately 24 states have significant PPP authority, which can include the ability to: enter into "design-build" contracts; accept and respond to unsolicited proposals from the private sector; or, take advantage of innovative Federal financing programs (like the SEP-15 program, or TIFIA). For the purposes of this paper, the term "PPP" encompasses a full suite of innovative finance mechanisms and models, where the private sector is takes on greater risk than in traditional financing arrangements.

While Illinois currently does not have broad PPP authority, or, at a minimum, the ability to enter into design-build contracts, neighboring states (Indiana, Missouri, and Minnesota) allow different types of PPP activity to be undertaken and have carried out projects with connections to Illinois. Successful experiences with PPPs in nearby states may lead the Illinois State Legislature to consider granting greater authority to the state to undertake transportation public private partnerships.

Research into the state of Illinois' legislative climate provides an important foundation or framework within which CMAP can consider the relevance and feasibility of pursuing innovative finance models. An interview with Richard Smith (Illinois DOT's Director of the Office of Planning and Programming) provided important context.

As mentioned, Illinois does not currently have the authority to enter into PPP arrangements. However, the state does have a viable and mature toll authority that manages 286 miles of roadways and oversees the I-Pass electronic tolling system. The state legislature has spent some time debating the issue of leasing the toll highway authority – with parties both for and against the model – but ultimately decided not to pursue leasing to a private entity for a variety of reasons.

While the state does not have the legal authority to enter into PPP agreements, or to establish quasi-public or non-profit entities to enter into agreements, individual cities and municipalities may still pursue these types of financing arrangements with virtually no state involvement. The City of Chicago has been the legal party to the region's major PPP projects, including the Chicago Skyway deal and current CREATE project. The Skyway project had a limited number of parties overseeing the deal, and the metropolitan planning body had no role in the terms, conditions, or strategies used. The state Department of Transportation was apprised of some information during the City's negotiation of the deal, but it was not consulted on the terms of the arrangement, management considerations, or other aspects of the final agreement.

IDOT has had an historically close connection to the Chicago Area Transportation Study (CATS), which has now merged with the Northeastern Illinois Planning Commission to

form CMAP. As a result, IDOT believes that CMAP can be a valuable strategic partner in discussion and dialogue about PPPs. In this role as strategic partner, CMAP is positioned to identify and define the MPO's role in PPPs both locally, regionally, and at the state level, and to create or support policy decisions and statements that are aligned with regional transportation objectives. The remainder of this paper includes discussion of the various roles CMAP can play in considering or pursuing transportation PPPs.

1.2 Scope of Paper

PPP projects differ in scope and objective. While some projects aim to reduce construction time and costs, such as projects that leverage design-build authority, others can generate revenue through up-front or ongoing payments, such as the sale or lease of assets and concession deals. This section provides an overview of various types of PPP models, with "pros" and "cons" for each.

To the extent practical, pros and cons are written from the perspective of an MPO. This is important, as the wide range of players in PPP projects could have conflicting opinions about the benefits or disadvantages of certain models. Even within the public sector, agents or entities concerned primarily with short-term revenue generation or budget cycles may look at a PPP deal very differently from an agent concerned with long term financial health.

There are many sources of information about PPPs, including: federal, state, and local public documents; essays from the private sector; analyses from the academic community; and, positions from associations or transportation advocates. The descriptions below are mainly derived from Federal sources, and are supplemented by information from MPOs and national associations of MPOs.

The descriptions on the following pages include the common definition of different PPP types, their strengths and weaknesses (or "pros" and "cons") from the MPO perspective, and sample projects of each type.

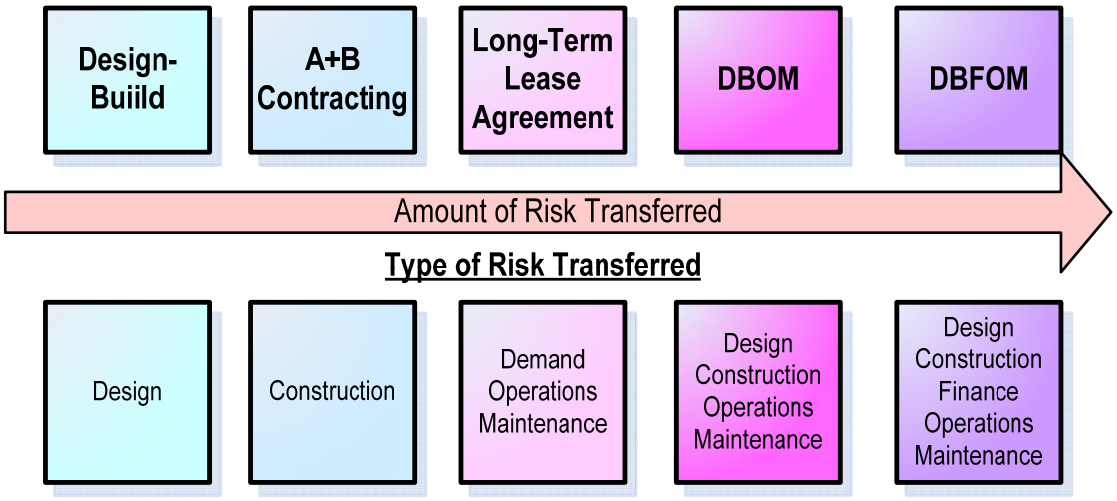
In recent years, a wide range of PPP or innovative finance models have been developed and implemented for highway projects. The Federal Highway Administration (FHWA) has been a leader among US DOT modal administrations in identifying and developing policies and programs to provide various forms of technical and financial assistance for some types of PPP projects.

While public-private partnerships to provide transit service have been in place for many years, there are limited examples of the use of innovative contracting methods for the private development of transit facilities (as compared to provision of transit service). A June 2008 workshop facilitated by the National Council on Public Private Partnerships focused exclusively on the use of PPPs in transit, and provided valuable insight for CMAP. Depending on CMAP's priorities, future research supporting this paper could include a more detailed examination of non-highway projects, including mass transit, freight and rail.

1.3 Public Private Partnership Types

This section includes background information on various forms of public-private partnerships used in the transportation field. Some of these models have been used primarily in highway projects, while others can be used outside of the transportation field entirely (for example, design-build methods can be applied to the development and construction of other infrastructure, like water and sewage facilities).

While the Chicago Skyway experience has focused on a single type of PPP – the long term lease agreement – there are many other models that can be applied. Generally, PPP contracting methods fall along a continuum of risk, with the basic premise being that a public-private partnership is designed to shift some amount of risk – often in terms of project costs or project schedule – away from the public sector, and provide opportunities and value to the private sector not previously available. Each model described below moves along this risk continuum, showing more complex relationships where the public transfers risk (and in many cases control) to the private party.



Design-Build Contracting
Description: In contrast to traditional, Design-Bid-Build contracts, Design-Build contracts combine the design and construction phase into one contract so that the private sector assumes design risks.

Strengths/Pros: This method can accelerate delivery time, reduce costs and improve construction and design quality by creating synergies between the design and the construction phase.

Risks/Cons: This type of contracting may require legislative change and support. The public partner often must continue to play a coordinating role between the private

partners and various public agencies. The contractor may lack expertise in meeting environmental and public participation standards.

Highway examples: Between 1985 and 2006, 34 design-build highway projects over $50 million were completed. Highway examples include, notably, the I-35 St. Anthony Falls Bridge. Minnesota DOT used the design-build procurement process to accelerate the project development process and now expect the bridge to be completed ahead of schedule.

Transit examples: Between 1985 and 2006, 13 major U.S. rail projects totaling $9 billion were completed, including: BART extension to San Francisco International Airport, Denver RTD Southeast Corridor LRT, and Minneapolis' Hiawatha Light Rail line. The Hiawatha LRT used two separate design-build contracts (for rail vehicles, and for rail and signal and communication equipment along the alignment). It was completed one year earlier than typical traditionally procured projects, saving $25 to $38 million in costs.

A + B Contracting

Description: Also referred to as "cost + time" bidding, this contracting method sets goals and incentives for the date of completion of the project allowing the public entity to shift some construction risk to the private sector.

Strengths/Pros: Creates incentives for the private sector to complete projects more quickly. Contracts are awarded based on factors other than cost alone.

Risks/Cons: The contractor may cut corners to deliver the project more quickly. The contract may not easily accommodate changes to scope.

Examples: Many state DOT's including Florida, Arizona, Indiana, Washington, New York, and North Dakota have bid projects using this method, and it has been used extensively by the Office of Federal Lands Highway in FHWA.

Long-Term Lease Agreements

Description: A public agency leases a transportation facility to the private sector for a specified period of time (agreements can range from 10 to 99 years). The private sector typically receives revenues through tolls and commits to meeting performance standards for the facility.

Strengths: Concessions provide the public sector with capital up-front and relieve the public sector of operations, maintenance and demand risks. They may help overcome political obstacles to increased tolls and improve facility efficiency and performance.

Weaknesses: The public sector risks undervaluing their assets or inefficiently allocating lease revenues. Political controversy may arise regarding public perceptions of

"privatization", "foreign ownership", or increased tolling. Transaction costs can be high as contracts are complex and clauses must be negotiated to ensure the private sector upholds labor, environmental and safety standards.

Highway Examples: Chicago Skyway ($1.8 Billion – 99 years), Indiana Toll Road ($3.8 Billion – 75 years), Pocahontas Parkway ($548 million + construction of airport extension – 99 years). The State of Indiana received $3.8 billion for leasing the Indiana Toll Road to a private concessionaire for 75 years. Political controversy over foreign ownership of the Toll Road nearly caused the Indiana Legislature to block the deal. Indiana used the proceeds to fund its transportation plan for the next 10 years.

Design- Build-Operate-Maintain or Design–Build-Finance-Operate-Maintain
Description: While title to the facility remains with the public partner, the contractor assumes operation and maintenance risks by agreeing to meet performance standards for the facility for a specified time after completing construction. When private financing is involved the private sector agrees to take on the additional financial risk of default. Payments can be made to the private entity through rights to toll revenues, shadow toll payments (payments based on facility usage), or availability payments (payments based on the availability of the facility to traffic).

Strengths: Allows for "life cycle costing" of the asset and can create operation and maintenance efficiencies. Shifts design, construction, operation and maintenance risks to the private sector. Toll and shadow toll agreements also transfer demand risks to the private sector. Where private financing is involved, the public partner reduces the need for public monies to finance to the project, conserving highway capital funds.

Weaknesses: Transaction costs can be high as contracts can be extremely complex and performance standards on all aspects of operations and maintenance must be stated in detail. Certain types of clauses, such as "non-compete" clauses have created public controversy. If a project defaults the public sector must be prepared to assume operation and maintenance of the asset.

Transit examples: Las Vegas Monorail (DBFOM), NJ Transit Hudson-Bergen LRT MOS-1 and MOS-2 (DBOM), and JFK Airtrain (DBOM). NJ Transit will pay the Hudson-Bergen Light Rail consortium a fixed price for operation and maintenance, subject to increases due to inflation. The fixed price protects NJ Transit from increases in operating costs and provides an incentive to the contractor to minimize O&M costs.

Highway examples: Between 1985 and 2006, there have been four greenfield toll road projects worth $720 million that have been privately financed: Dulles Greenway (DBFO – Toll), Camino Colombia (DBFO – Toll), SR 91 (DBFO – Toll), and SR-125 (DBFO – Toll). Several other major projects are in late planning stages including Port of Miami (DBFO – Availability Payments), and TTC 35 (DBFO - Toll).

The United Kingdom uses the availability payment and shadow tolling models extensively for major infrastructure projects (A13 upgrade, M1-A1 Link, A55 Extension, Isle of Sheppey Bridge). Contracts are typically for a period of 30 years and payments are made to the contractor based on usage, road availability, or congestion and safety performance factors.

Local Examples

Chicago Skyway: The long-term lease of the Chicago Skyway in 2004 is debated as an example of a transportation PPP with a high-degree of public benefit (as it resulted in a planned infusion of approximately $1.83B for the City of Chicago), and alternatively, as a project troubled by lack of rigorous analysis of public benefits (as the public agents involved in the deal did not establish criteria or public sector comparators to evaluate the protection of the public interest in the long-term agreement).

The deal was complex – both from a financial perspective, and also from a business and negotiation perspective. As a result, project parties – namely the City and its private partners – did not involve the metropolitan planning organization that existed at that time in the terms of the deal or the scope of the project. The MPO played no role in developing the RFP for bidders, selecting the winning bid, negotiating the terms or the payment structure. In addition, the shift in financing was not reflected in the region's TIP or long-range plan.

CREATE: The Chicago Region Environmental and Transportation Efficiency Program (CREATE) project is a collaboration between six private railroads, METRA, AMTRAK, IDOT, and state and local governments in Illinois. Procurement follows the traditional Design-Bid-Build process but private partners have committed to contributing significant equity to the project. The private railroads plan to make a $212 equity contribution towards a $1.534 billion capital program involving grade separation projects and extensive upgrades of tracks, switches and signal systems. The resulting project will improve passenger rail service, reduce motorist delay, ease traffic congestion, increase safety and provide economic, environmental and energy benefits for the Chicago region. To date however the partnership has received only $100 million in public money through a Federal earmark and the project has not progressed at the pace anticipated.

I-55/CenterPoint Intermodal Center: Not an example of a formal public private partnership, but rather of *joint development*, where public and private investment at a site is coordinated. The site, originally part of the Joliet Arsenal, has been transformed into a state of the art intermodal facility and industrial park. Public investments include $52 million from IDOT for infrastructure improvements such as the construction of a new interchange on Interstate 55 to handle increased traffic generated by the facility. Private investments have surpassed $300 million and over 1000 jobs have been brought to the area.

2 Synthesis

2.1 Relevance for CMAP

2.1.1 *Governmental agencies and PPPs*

The scenario described above for Chicago is not very different from the experience of other MPOs who are not brought into potential PPP deals until those deals are finalized. This section explores three issues areas: the Federal interest and role of Federal resources, State legislative affairs and State DOT interest in PPPs, and roles for the MPO in PPP deals.

2.1.2 *The Federal interest*

Federal interest in PPPs for highway, transit, rail and other transportation projects has generally been tied to an interest in identifying alternative sources of project funding, or piloting innovative finance mechanisms.

Interest in design-build activity has sparked some research by Federal entities in time and cost savings, issues and opportunities. Internationally, as complex projects are identified and implemented – such as those that involve complicated contract mechanisms, tolling [including shadow tolling and availability payments], and multiple stakeholders – various Federal agencies have been interested in exploring and investigating the positive and negative aspects of these projects, best practices, and lessons learned.

However, most Federal research has focused on the State DOT experience, rather than the MPO experience. This is not surprising, as PPP projects (including design-build) require state enabling legislation to authorize the use of innovative finance mechanisms. To date, no federal PPP resources specifically geared towards MPOs have been identified. However, there is some interest within the FHWA in researching the MPO metropolitan planning experience as it relates to PPPs.

2.1.3 *The State and State DOT interest*

Strategically, states may take two approaches to developing and granting enabling legislation. One approach is to proactively debate the merits of PPP models, including design-build, and to grant relatively broad authority for a variety of potential projects. Another approach is to respond to the potential for a particular major or significant project to be financed using innovative finance methods, and develop enabling legislation specific to that project or similar types of projects.

According to Smith, the belief had been that Illinois' General Assembly would consider and develop separate pieces of legislation for each potential PPP project on an as-needed basis. For example, a private developer's interest in pursuing airport development in Will County has resulted in some debate within committees and in early drafts of legislation, but that legislation has not been successfully enacted.

One of the greatest challenges facing Illinois (and most other states) in terms of transportation is limited revenue for capital, operations, and maintenance expenses. There has been debate for approximately four years on a capital improvements bill, but this has not moved. There is not widespread agreement on broad funding ideas (for example, the role of gaming or leasing of other non-transportation assets). Interest during the last session of the General Assembly in drafting a boilerplate bill that would address core innovative finance and PPP issues also stalled.

The Illinois Department of Transportation (IDOT) plays a key role in providing information about project finance to the state legislature. This is true in many states that currently have or are pursuing enabling legislation for PPPs. However, IDOT has limited influence over legislators' or the public's opinions about PPPs in Illinois.

The relatively new Secretary of Transportation, Milton R. Sees, succeeded a former secretary who was a strong proponent of design-build contracting. While the former secretary was successful at generating interest in design-build methods (the PPP model with the lowest amount of risk to the public), and healthy dialogue at the committee level, no legislation was passed. One key obstacle was fear and concern from local contractors about the increased participation by large construction firms in Illinois' projects.

The current secretary plans to continue to meet with legislators to discuss project funding options and issues. Trends show that additional discussion and information is needed on many fronts, and that opposition to or lack of movement on PPPs is not related to one particular issue (such as concern over the role of foreign firms). Rather than embracing PPPs in a comprehensive way, IDOT anticipates some limited forward movement over time, likely driven by a particular project (such as the airport development project).

Other potential projects that may spark legislative interest include the Prairie Parkway west of Chicago, for which $207 million in Federal funds has been secured. The current funds represent approximately one-fourth of total project costs, and the project may be a viable candidate for a toll-road or financing through another PPP model.

As mentioned earlier, IDOT considers CMAP a potentially important and strategic partner in the PPP dialogue. As candidate projects are identified, it may be valuable for CMAP to ensure that its own policy statements and funding strategies are aligned with IDOT's, and that both agencies are equipped to provide educational and technical assistance resources to state legislators who may craft project-specific enabling legislation.

2.1.4 *Role of the MPO*

There are often many stakeholders in any PPP deal, especially a long-term concession project that covers multiple jurisdictions. The role of the MPO can vary, but only in rare cases will the MPO be a party to a deal from a legal perspective. The MPO often finds itself in the role of convener or coordinator, and this may be a useful role for CMAP. The MPO embraced this role in the Las Vegas area and in the Miami-Dade metropolitan

area. The North Central Texas Council of Governments fills this role, as well, but has taken a much different approach to implementing PPPs in its region.

"Limited Involvement" Scenario

The Regional Transportation Commission of Clark County (RTC) is also responsible for overseeing that region's transit system, Citizens Area Transit (CAT). In 1997, Clark County authorized the private creation and operation of a monorail transit system in Las Vegas. At that time, the MPO had not considered or included the monorail in its long range plans.

According to Fred Ohene, Assistant General Manager of the Regional Transportation Commission for Clark County, Phase 1 of the project (connecting activity centers on "The Strip") was viewed almost exclusively as a private initiative, with little to no MPO involvement. Private partners believed that MPO involvement would complicate the deal-making process, and opted not to share information about phasing, timing, scope and other key project considerations.

However, this approach was problematic, as the MPO found itself playing the role of liaison with the public. Because the agency oversees the regional transit agency, members of the public assumed that it played a role in project development. After receiving numerous comments, the MPO opted to host several public meetings to share the limited information it had. This was challenging, as the MPO was placed in the position of "making the case" for the monorail to the public, and identifying links to existing transit.

According to Mr. Ohene, the MPO is interested in expanding its role in future PPP projects, mainly in the area of project coordination. In Clark County, as in other areas, there can be little coordination even at the municipal level, and there is value in having the MPO act as an information sharer, convener, knowledge broker, and liaison, even after planning documents are completed.

The monorail project was ultimately incorporated into the MPO's long range plan, with Phase 2 of the project proposing a monorail extension to McCarran Airport. Unfortunately, poor ridership levels for the Phase 1 portion of the monorail compelled the Federal Transit Administration to discontinue Phase 2. (For more on the monorail project, see www.lvmonorail.com)

Rather than fitting a PPP solution to a transportation problem, the MPO generally assumes traditional procurement methods for projects identified in the long range plan, and updates the plan accordingly if a candidate project emerges. At a minimum, the MPO may include a reference to innovative finance options in its vision section of the document. This approach allows the MPO to establish the policy foundation in innovative finance, without explicitly endorsing a particular project or method (such as tolling).

The MPO has also had limited involvement in educating state legislators about innovative finance options. While Nevada has already granted the State DOT design-build authority, it has not yet granted tolling authority. The State Transportation Board has discussed shadow tolls and availability payments, but received a great deal of pushback in the media and from public. Given trends in transportation funding and economic conditions, there may be more interest in private financing during the next legislative session.

"Enhanced Involvement in Planning" Scenario

The Port of Miami Tunnel project is currently underway, and represents one of the most expensive public works projects in Florida history (Florida Transportation Monthly, 2007). In contrast to the Las Vegas monorail project, the Miami experience began with a series of planning studies and ideas nearly three decades before the deal became a reality.

As early as 1979, the City of Miami agreed that congestion reduction and economic development objectives could be met by studying the issue via a Seaport Development initiative. As alternatives were identified and developed, the MPO and its Transportation Planning Committee coordinated review of plans among twelve different entities. Because it played such a strong role in that activity, the MPO went on to convene a task force – two years later – to develop an implementable plan, and develop additional alternatives and an evaluation framework for them.

Throughout the 1980s and early 1990s the MPO coordinated early planning and project development activities, with assumptions that the project would be publicly funded. After receiving acceptance for the design and location concept from FHWA in 2000, public entities began to discuss potential for private funding.

In terms of long range planning, the MPO included the development of alternatives to study connections to I-395 (via bridge or tunnel) in its 2001 long range plan (through 2025). At that point, there was no reference or mention of private financing, but this changed by the 2004 plan update, which covered the period through 2030. At this point, the tunnel project was described as a PPP (availability payments model) and was framed as a crucial freight and economic development initiative. The MPO used the long range planning document to describe the value of privately financing tunnel construction, although it does not include an evaluation of different types of PPPs or why the availability payment model was selected.

"Dominant Role in Policy" Scenario

The North Central Texas Council of Governments (NCTCOG) took a much more assertive approach to innovative finance, carving out a special role for the MPO in future PPP projects.

After the passage of ISTEA in 1991, the NCTCOG leveraged the institutional responsibilities of MPOs as laid out in Federal law, namely the requirements for needs-based fiscally-constrained plans. These requirements compelled the agency to establish a

strong policy requiring the consideration of toll roads for all new limited access roadways constructed in the region. In addition, the policy – originally described in the MPO's vision section of its long range plan – required the construction of limited access lanes in the center of reconstructed roadways, and agreed not to convert existing free roadways into tollways.

By establishing the policy early on, the MPO became the driver of potential tollway projects in the region, rooted in the need to show fiscal constraint in plans (and in practice, to ensure a new stream of funding for projects).

Michael Morris, transportation director for NCTCOG, described the agency's history with innovative finance for highway projects. He noted that the agency's approach works because of its huge size, the area's rapidly changing demographics and land use characteristics, and transportation needs (NCTCOG serves 16 counties, and has a staff of more than 100).

As a result of the agency's effectiveness at considering the economic impact of toll roads in its simulation tools and financial plans, the MPO has been tapped as the body to set toll rates for the region for dynamically priced managed lanes. The agency successfully negotiated a project agreement on State Route 121, and has been heavily involved in mediation for other projects.

Morris noted that as the MPO considers pursuing new PPPs – specifically toll roads – it is critical to fit the solution to the problem, not search for candidate projects simply to experiment with this financing method. Moreover, he recommends that relevant agencies ensure that revenues be used for transportation purposes, rather than other public programs or initiatives.

While most of NCTCOG's innovative finance experience has focused on highways, there is new discussion about user fees (availability payments model with a 50-70 year lease) at a freight rail bottleneck. This discussion has been sparked in large part by freight congestion issues faced by the region. Beyond freight though, the region is considering a passenger rail system funded with 20 percent local funds and 80 percent toll revenues (no Federal funds are to be used).

One of the most significant issues faced by the agency is public concern over the role of foreign companies. There has historically been more opposition to intercity projects, but not as much on regional projects. The MPO compiles and shares detailed information with the public about project concepts, development, and implementation.

The next steps for NCTCOG in terms of its role in PPP projects and innovative finance include conceiving and initiating integrated environmental clearance for projects. According to Morris, environmental clearance remains a public sector responsibility, one that the toll authority and State are not best equipped to carry out. The MPO is uniquely positioned to provide need context for clearance, to consider land use characteristics and implications, and to manage the public involvement process.

2.2 Issues and options for addressing public-private partnerships

2.2.1 *Jurisdictional concerns*

As metropolitan areas grow and change, there are emerging instances of MPOs bordering one another. This can create issues as MPOs seek to identify candidate or potential PPP projects, or carve out a role in existing PPP deals. As one of the primary MPO roles is coordination of dialogue among relevant stakeholders, metropolitan areas with multiple MPOs could benefit from assuming joint coordination responsibilities or designating a single MPO as the primary liaison with stakeholders.

At a 2007 finance summit sponsored by the Association of Metropolitan Planning Organizations (AMPO), participants noted the important role the MPO plays in facilitating information sharing among concerned parties. At the same time, experts present at the summit identified the potential for "evolutionary changes" in the relationship between MPOs and State DOTs to spark improved information exchange.

2.2.2 *Protecting the public interest*

By transferring risks, saving costs, accessing new sources of capital, encouraging the adoption of innovative technology and generating revenues public private partnerships can create many benefits. However, concern over the protection of the public interest in transportation public private partnership agreements has risen in recent years following the blockbuster Chicago Skyway and Indiana Toll Road agreements.

MPOs can play an important role in protecting the public interest by setting clear guidelines for evaluating PPP alternatives, ensuring transparency, and incorporating consideration of PPPs into the transportation planning processes. A MPO can play a leadership role in communicating to the public an understanding of PPP alternatives. Like NCTCOG, a MPO can leverage its traditional planning role, to create value for both the private and public sector, by mediating interests and facilitating required processes for planning, environmental documentation, and public participation.

Concerns over public private partnerships include:

- Fairness of potential toll increases;
- Undervaluation of transportation facilities by the public sector;
- Allocation of proceeds from long term leases;
- Increased transaction costs placed on the public sector to evaluate proposals and negotiate agreements;
- Loss of public sector control to respond to future transportation needs;
- Lack of transparency and/or the failure to incorporate public input into the process;
- And, Financial tradeoffs and the lack of effective public sector comparators.

The GAO report on protection of the public interest in PPPs provides several useful case studies, one of which is the Chicago Skyway project. That report focuses almost entirely on toll roads and concessions, and the unique challenges states and cities play in evaluating the differences between privately and publicly funded projects.

Fairness of potential toll increases: While limits on the size and frequency of potential toll raises are usually negotiated with the private partner, the potential for higher tolls on transportation facilities that may have a degree of monopoly power is politically unpopular and can lead to questions of equity and fairness.

Undervaluation of transportation facilities: With the long-term lease of large-scale assets concerns have been raised that the public sector is not receiving adequate compensation. In PPPs, the private sector agrees to take on risk in exchange for potential profits from increased operations and maintenance efficiencies or higher than expected toll revenues. As a result, the valuation of partnership agreements, particularly long term agreements, can vary dramatically depending on basic assumptions of traffic levels, inflation, finance rates, risks, and discount rates. The private sector can potentially achieve windfall profits through refinancing and tax deductions; however, the public sector can negotiate a share of higher than expected profits in the lease agreement.

Allocation of proceeds from long term leases: The use of proceeds from long term leases to meet the short term needs of the state raises issues of generational equity. Chicago used its proceeds to finance various city programs, retire debt and set up a reserve fund. Indiana dedicated much of its lease proceeds to funding its 10-year transportation program. With the long term lease of tolling facilities the public sector is effectively trading future toll revenues for immediate capital. To encourage intergenerational equity proceeds from long-term lease agreements can be used to retire debt or invested in programs or capital projects with long term benefits.

Increased transaction costs: Many state DOT's lack the in-house expertise needed to plan and negotiate complex large-scale public-private partnerships. When hiring legal and financial advisors, state DOT's must be vigilant in detecting and preventing conflicts of interest. Unsolicited proposals from private partners can be particularly difficult for State DOT's to evaluate in a timely and comprehensive manner and they often circumvent planning efforts.

Loss of Public Sector Control: In PPP agreements the public sector always relinquishes a degree of control. Some aspects of PPP agreements in particular can handicap a region's ability to plan and manage its transportation network. "Non-compete clauses", which limit the public sector's ability to enhance adjacent public lanes, can be particularly problematic, and even led to the demise of one early DBOM project, SR-91. Furthermore, by relinquishing control over toll rates, the public sector loses a tool that can be used to manage demand on their highway network. Finally, PPPs may complicate efforts to plan and develop connections to the privately operated facilities.

Lack of Transparency: There are some valid concerns that private sector participation, particularly in Design phases, can undercut transparency and opportunities for public participation in the planning and review of projects.

Public Sector Comparators and Financial Tradeoffs: While in many cases privately financing a project is considered only in the absence of public funding for a project, there are financial tradeoffs that should be considered when comparing private project development to public development. In cases where public sector financing is available for a project being considered for private development it is important to use a public sector comparator to determine the best method of developing a project. A public sector comparator can be developed by extrapolating the life cycle costs, benefits and risks of a comparable publicly financed and operated project. However, given the numerous factors involved in developing comparators, in particular risk assessments and valuations, public sector comparators are difficult to establish with a high degree of certainty.

There are some significant financial tradeoffs to developing a project with private financing. The public sector may forgo considerable income tax revenues, as privately financed projects often benefit significantly from tax deductions as a result of asset depreciation. Despite the existence of tax-exempt private activity bonds, most forms of private financing are not tax-exempt and as a result private financing may be considerably more expensive than publicly financed projects. The public sector may be able to obtain lower interest rates than the private sector, but this is largely because the risks of a project are born by taxpayer. The difference between public and private interest rates may be considered, in part, a reflection of the value of risk transfer to the private sector.

Many factors must be considered in evaluating the merits of a PPP proposal, including:

Quantitative measures such as:

- Cash flow forecasts, which include:
  - Capital costs
  - Toll revenues
  - Operating/Maintenance Costs
  - Financing costs
  - Taxes
- Risk adjustments, including:
  - Design/Construction risks
  - Demand/Usage risks
  - Operation/Maintenance risks
  - Inflation/Financial risks
  - Environmental risks

- Discount rates
- Transaction costs
- Inflation expectations
- Residual value of the asset

Qualitative Measures such as:

- Design quality
- Equity considerations
- Environmental considerations

3 Recommendations

3.1 Incorporating PPPs into scenarios, action packages, and indicators

3.1.1 *Roles for CMAP*

The GoTo2040 process offers CMAP a unique opportunity to establish strategies and action packages for regional development. Transportation finance plays a critical role in regional development, and there is growing interest in identification of alternative finance methods that CMAP may consider, promote, or discourage.

Illinois' lack of PPP enabling legislation provides the context for any role CMAP may play. The approach seen in north Texas, for example, may not be as viable in the Chicago-region as it may be premature to require that local governments consider a privately-financed option for highway projects. However, policy and vision statements that identify the value of considering PPP options of any type – from design-build to privatization – can be a useful starting point for CMAP as it develops regional scenarios.

At a recent workshop organized by the National Council for Public Private Partnerships, participants discussed the role of PPPs in financing new transit systems and transit system expansion. It was noted that lack of political support and an inappropriate definition of risk or ability to allocate risk limited the amount of private equity that could be leveraged for these projects.

Effectively determining or assessing risk can be a role played by CMAP as candidate projects emerge. For example, the new Chicago-area airport project may result in positive value if developed as a PPP, but assessing the risk to the public sector will be critical. Risk transfer through a PPP model at *any* cost is not desirable or feasible. Rather, determining positive "value for money" is a crucial analysis for any entity considering entering into an agreement or supporting an agreement. This value for money type analysis supports a strategy that seeks to achieve long term savings. One

example of a risk transfer that extends beyond merely cost or financial risk is the Port of Miami Tunnel. That project as designed required the use of highly specialized boring equipment and complex technologies that were not yet available to the public entity. In order for the public sector to pursue the development of the project using such sophisticated machinery, it had to leverage private investment and transfer the technology risk to the private sector.

According to Malcolm MacIntyre of the investment firm Babcock & Brown, PPPs should not be viewed solely as a solution to lack of funds, or a as a way of raising capital. Rather, an agency should review the long-term value of the partnership, both from a financial perspective but also from an overall development perspective (which includes impacts on transportation and land-use, equity issues, impacts on publicly held assets, etc.). Similarly, several transportation finance specialists and consultants have indicated that use of PPP should be more than simply a 'gap filler' but that projects should be selected and evaluated in a rational way. CMAP can play a key role in assisting local governments (and possibly in the future, IDOT) in performing a more comprehensive value for money analysis, as a complement to a limited financial analysis that may be performed.

Filling gaps in the PPP dialogue

CMAP has an opportunity to fill several gaps in the PPP dialogue, but the agency must have some clarity on whether that role is in establishing policy, performing value for money analyses, identifying candidate projects, or working with IDOT to advocate for state-level enabling legislation. The Association for Metropolitan Planning Organizations (AMPO) has spent some time convening dialogue about the role of MPOs in PPPs, and identified several important considerations and opportunities to move forward.

In its research, AMPO and its partners point out that MPOs can sometimes (correctly) be viewed as impediments to PPP deals, especially complex agreement involving leading or ownership clauses. In these cases, the MPO can support the private sector with financial analyses, NEPA assessments, or feasibility analyses.

Conversations about PPPs often center on leasing or privatization. As a regional planning agency, it will be important for CMAP to develop an understanding of the range or types of agreements that can be implemented to leverage private investment that go beyond what the public sometimes considers the "sale of assets." As mentioned, PPPs should not be viewed solely as sources of revenue, or with the limited lens of long-term lease. There are a variety of models that can be employed to shift some risk to the private sector, leverage private dollars (or technology or other assets), speed up construction schedules, and deliver value to the public. CMAP can provide value to other public, state, local, and private players by being an objective and vocal party that is willing to assess and evaluate potential candidate projects and finance models.

Building internal capacity through research and technical assistance

There are many technical assistance resources available through Federal agencies and national associations. Many of these resources include case studies, research reports, and project assessments. However, written materials are only one method of learning. CMAP staff may benefit from attending workshops and events hosted by national associations (like NCPPP or AMPO) that focus on the use of PPPs in highway, transit, and other projects.

The Federal Highway Administration's Resource Center (with offices throughout the US, and innovative finance specialists in Atlanta, Baltimore, San Francisco and other cities) can provide targeted assistance on evaluation of innovative finance methods. CMAP staff may be interested in working with FHWA Division Office staff to secure technical assistance resources from the FHWA Resource Center.

Moving forward, CMAP can play a key role in reaching out to some of the MPOs referenced in the paper, or by reaching out to AMPO, to continue to have small group dialogue on a regular basis with other MPOs whose strategies and approaches towards PPPs are evolving. MPOs representing major cities with a rich mix of transportation assets (air, rail, transit, and highway) may have helpful insights for the CMAP experience.

4 Further Research

Exploring PPP models for modes other than highways and transit

This paper includes information on PPP models for highway, transit, and some rail projects. However, there may be some interest in pursuing research on PPPs for specific projects, like the airport or maritime ports/ferry services. Most important is that while general research can be undertaken on PPPs, each project is different, and determining the value of each project to the Chicago region will happen on a case-by-case basis. As CMAP moves forward to take on a particular role in the PPP dialogue – whether that role is in establishing policy, performing value for money analyses, identifying candidate projects, or working with IDOT to advocate for state-level enabling legislation – further research topics may emerge as valuable.

Appendix: Information Sources

1. "FDOT Selects French-led Team for Port Tunnel," Florida Transportation Monthly, June 2007.

2. FHWA's Public Private Partnerships Web site

3. Las Vegas Monorail Corporation, www.lvmonorail.com

4. Louis Berger Group, "MPOs and the Private Sector: Public Private Partnerships and Private Development Initiatives." Delivered at Association of Metropolitan Planning Organizations (AMPO) annual conference, October 2007.

5. Morris, Michael, Transportation Director, North Central Texas Council of Governments, June 2008 (interview)

6. "National Summit for State and Metropolitan Agencies on Future Transportation Funding and Finance Strategies: Implications for Planning, Public Policy, and Institutional Arrangements," Prepared by Cambridge Systematics for Association of Metropolitan Planning Organizations (AMPO) Finance Summit, December 2007.

7. North Central Texas Council of Governments, www.nctcog.org

8. Ohene, Fred, Assistant General Manager Regional Transportation Commission of Clark County - Las Vegas, Nevada, May 2008 (interview)

9. Port of Miami Tunnel project, www.portofmiamitunnel.com

10. Prieto, Bob, "Availability Payment Structures in Public Private Rail Partnerships," MassTransit Magazine Forums, October 2007 (http://www.masstransitmag.com)

11. Strong, Kelly, "Performance Effectiveness of Design-Build, Lane Rental, and A + B Contracting Techniques," Center for Transportation Research and Education at Iowa State University

12. U.S. Department of Transportation, Federal Highway Administration, "Report to Congress on Public-Private Partnerships." 2004

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MEMORANDUM

TO: **Transportation Committee**
FROM: **Kristin Heery, Ross Patronsky**
RE: **Regional Air Quality Snapshot update**
DATE: **November 7, 2008**

This memo serves to update the Committee on the Regional Air Quality Snapshot, scheduled to be completed Spring 2009. An outline for the Snapshot is attached at the end of this memo.

The focus of this update is to review Section III of the report, which covers the region's existing air quality conditions and sources. The data used in this section were taken from annual information reported by IEPA to U.S. EPA and supplemental information supplied directly from IEPA.

The basic data reviewed are exceedances, those days on which air quality monitors show that pollution levels are higher than the National Ambient Air Quality Standards (NAAQS). These data are important because the exceedances lead to the finding of air quality nonattainment for the region. In addition to looking at current exceedances, the analysis seeks to portray current conditions of air quality over time and on a more "every day" basis – beyond what is tracked for the Clean Air Act. The focus is on ozone and particulate matter (PM) pollution.

This section of the report, Section III: Our Region's Air Quality, is divided into five subsections:

1. Standards, identifying the NAAQS for ozone and PM;
2. Data/Monitoring, describing the data sources and monitors;
3. Ozone levels and trends;
4. PM levels and trends; and
5. Regional source breakdown, describing which sources contribute to our air pollution.

Standards

NAAQS are set by regulations under the Clean Air Act; when they are not met, a region is deemed to be in nonattainment. Northeastern Illinois is in nonattainment for ozone and $PM_{2.5}$. The following are the standards for these two criteria pollutants.

Ozone

- 0.075 ppm (revised to this level in 2008)

- Measured on 8-hour average
- Violations tracked at 3-year average of 4th highest daily maximum

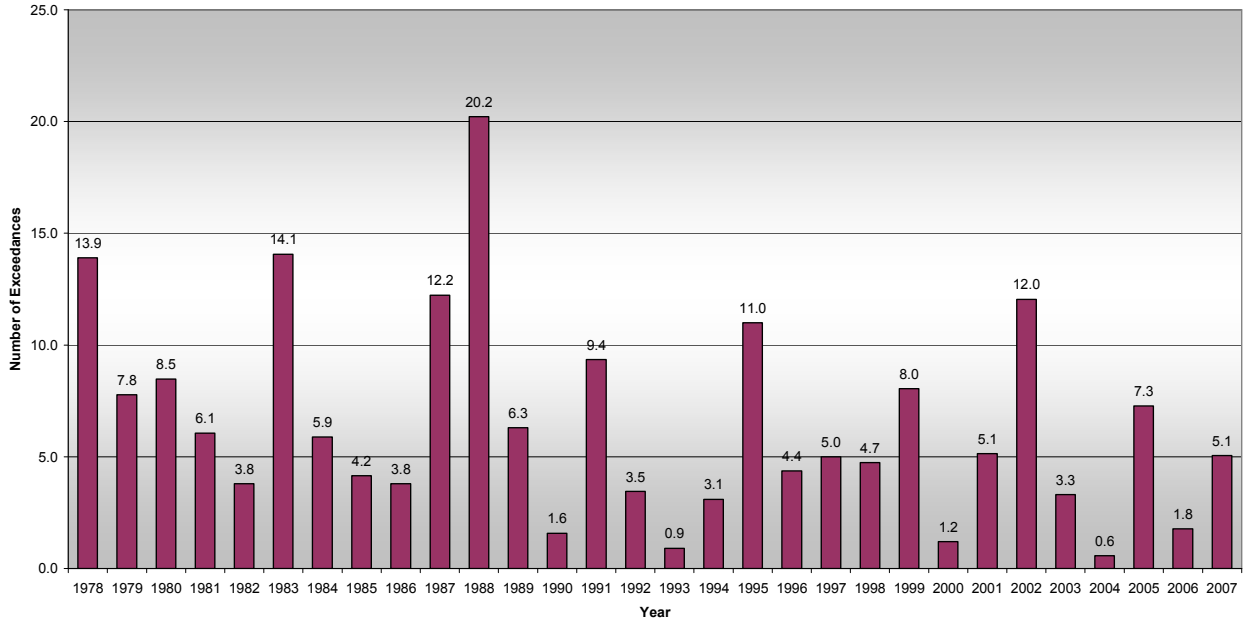
$PM_{2.5}$

- 15 μg/m³ annual mean
- 35 μg/m³ daily average

Ozone

To understand ozone levels beyond the strict regulatory context, data from all monitors across the region was downloaded and analyzed. Graph 1 represents the average number of exceedances across all regional monitors per year. For example, in 2007, each monitor across the region exceeded the standard for about 5 days.

Graph 1: Average Number of Exceedances Across All Regional Monitors (0.075 ppm 8-hour standard)

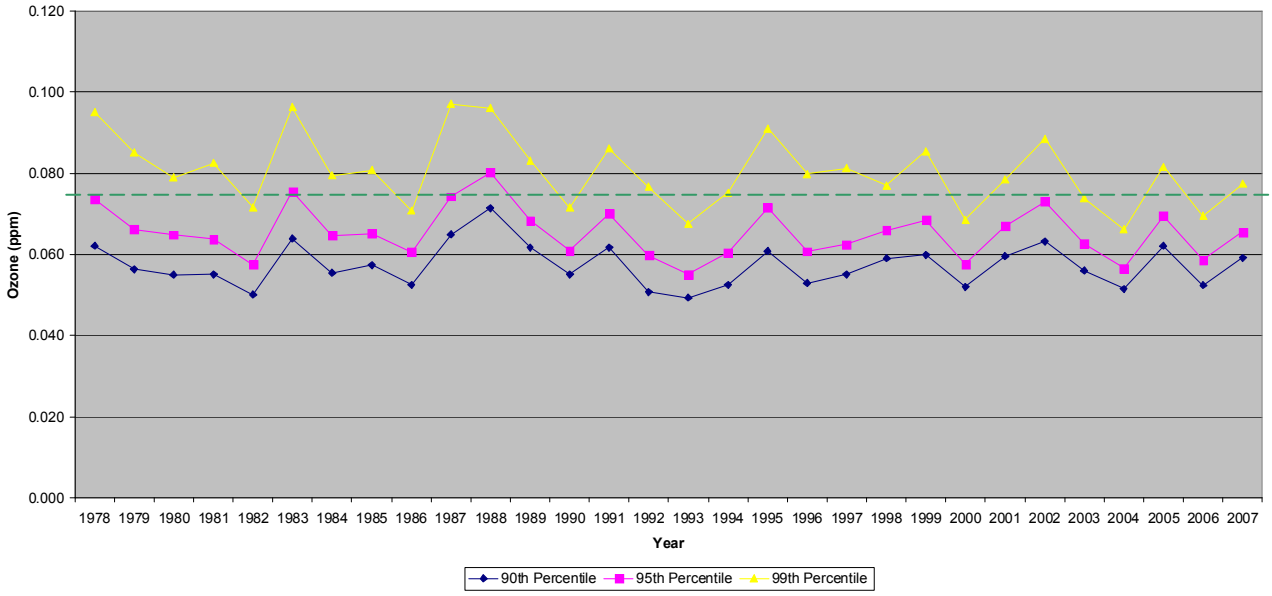


To understand ozone pollution on a more routine basis, average levels were reviewed. However, average ozone levels are affected by different photochemical processes under different weather and sunlight conditions. Separating the different situations into meaningful categories is a research issue beyond the scope of this snapshot. Therefore, Graph 2 takes a look at three divisions of regional average ozone levels – the 90th, 95th, and 99th percentiles. Because the "ozone season" is approximately 200 days per year, the 90th, 95th, and 99th percentiles are the equivalent of the worst 20, 10, and 2 days per year respectively. (The dashed green line represents 0.075 ppm, the standard.)

As portrayed in the graph, the regional average's worst 2 days each year (the 99th percentile) are usually above the standard, which underscores why the region is in nonattainment. But perhaps a more interesting story is that the regional average's worst 10 days per year and worst 20 days per year hover just below the standard. It is important to note that there are other factors at play in this evaluation, including background ozone precursors coming in from other

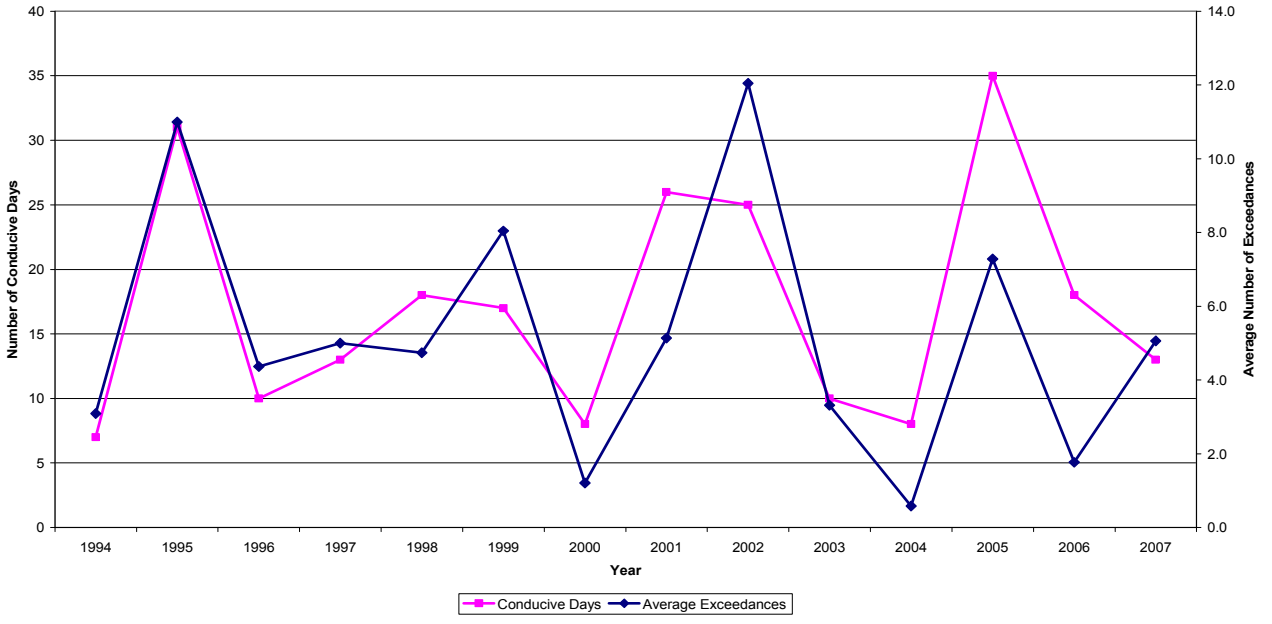
regions. This issue, and how to portray it effectively, will be explored further, along with critical review by IEPA.

Graph 2: Annual Average 8-Hour 90th, 95th, 99th Ozone Levels Across All Regional Monitors



It is important to point out that ozone levels are highly related to weather. IEPA tracks "ozone conducive days" – days when weather patterns favor the chemical reaction that creates ozone from emissions. Perhaps more than any other variable, the number of conducive days plays a key role in excessive ozone levels, as evidenced in Graph 3, where the two values are clearly highly correlated.

Graph 3: Average Ozone Exceedances Across All Regional Monitors vs Number of Conducive Days

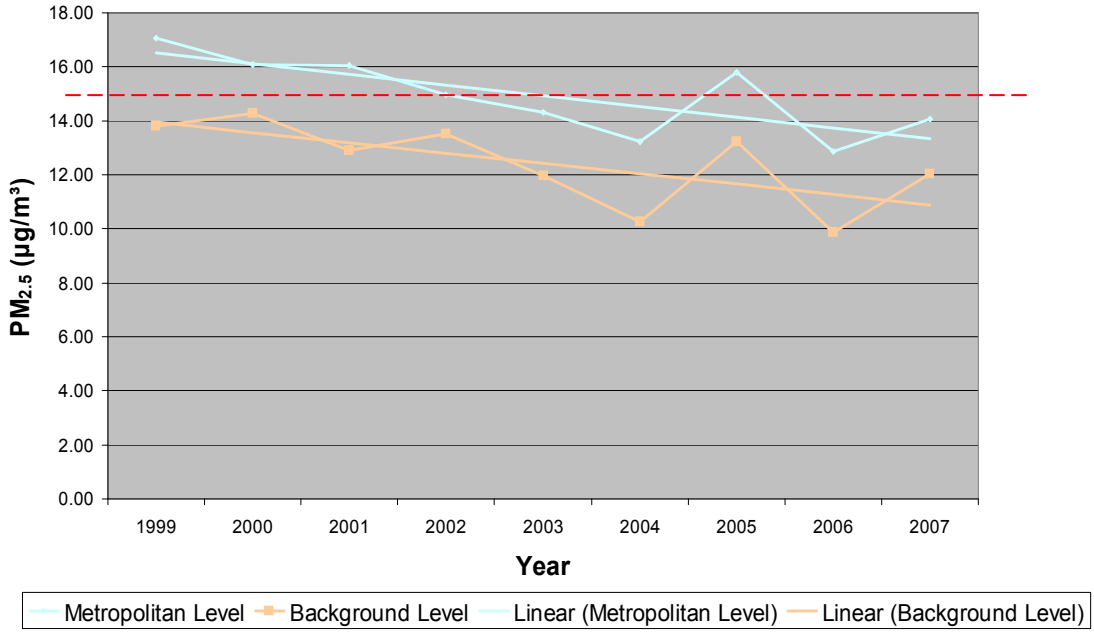


Particulate Matter ($PM_{2.5}$)

To understand $PM_{2.5}$ levels beyond the regulations, data from all the monitors across the region was downloaded and analyzed. However, $PM_{2.5}$ has only been monitored for the last ten years, with the standard just going into effect in 2004, after their initial promulgation in 1997. 24-hour exceedance data is only available for 2007 because it is the first time our region didn't meet the 24-hour standard. For this year, the data showed a regional average of about 3 days exceeding the 24-hour $PM_{2.5}$ standard per monitor across the region.

A better understanding of $PM_{2.5}$ is revealed when evaluating the annual concentration, averaged across all regional monitors. This is plotted in Graph 4, along with a plot line of the background level of $PM_{2.5}$ (as measured by a monitor in southwestern Will County). This graph shows a clear downward trend, indicating that the annual average $PM_{2.5}$ levels are improving. (The dashed red line is 15 $\mu g/m^3$, the standard.)

Graph 4: Annual Average $PM_{2.5}$ Across All Regional Monitors, Annual Average Background Level



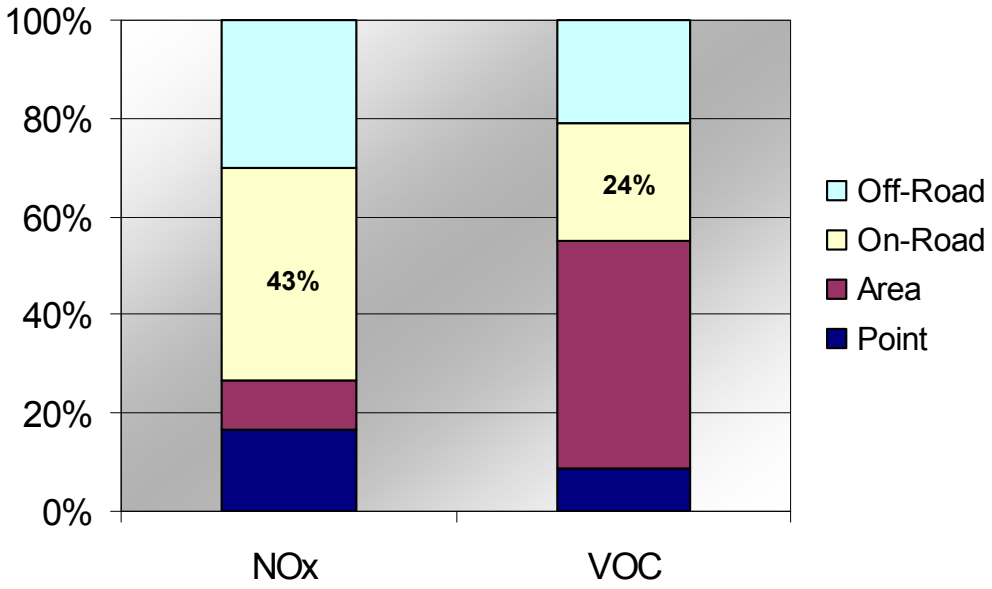
Regional Source Breakdown

In addition to evaluating the region's current air quality, it is important to evaluate the regional sources impacting it. IEPA measures the sources in four categories:

- Point – large, stationary emitters such as power plants, chemical producers, and manufacturing plants;
- Area – small, stationary emitters (< 25 tons/year) such as dry cleaners, gas stations, bakeries, or motor vehicle refinishers;
- On-Road – mobile emitters such as cars, trucks, and buses; and
- Off-Road – mobile emitters such as gas-powered lawn and farm equipment, construction equipment, boats, planes, and trains.

IEPA estimates the amount of ozone precursors (NOx and VOC) these sources emit periodically in the Chicago Nonattainment Area. They currently have data for the 2005, but have also have measurements from 1990, 1996, and 2002 for comparison. The following graph displays the percentage of air pollution emitted by each category for 2005.

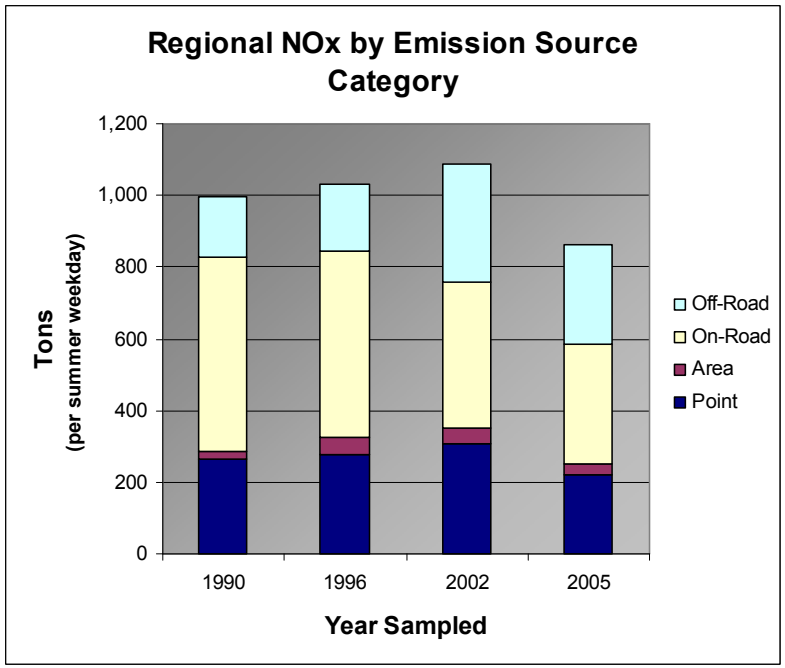
Graph 5: Annual Emission Contribution of NOx and VOC by Source Category (2005)

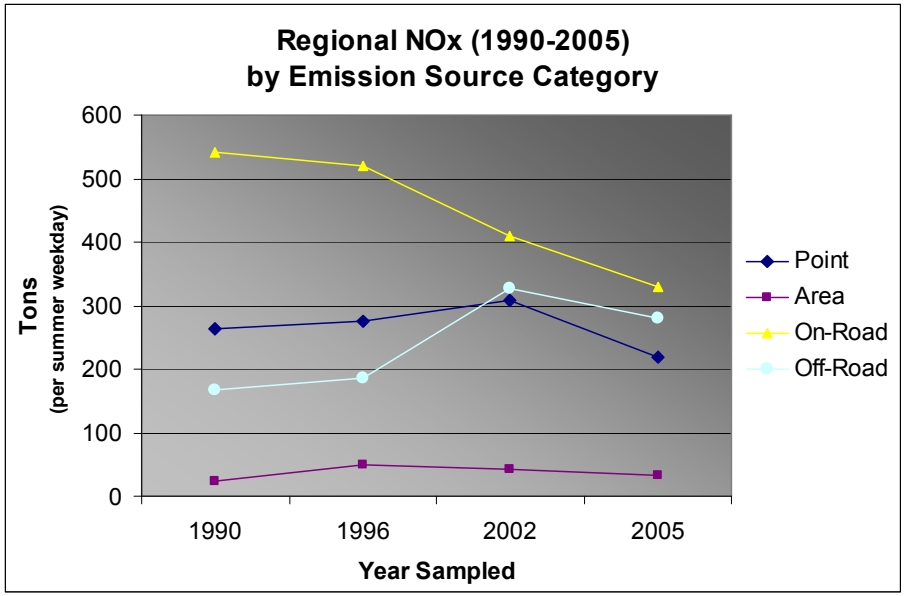


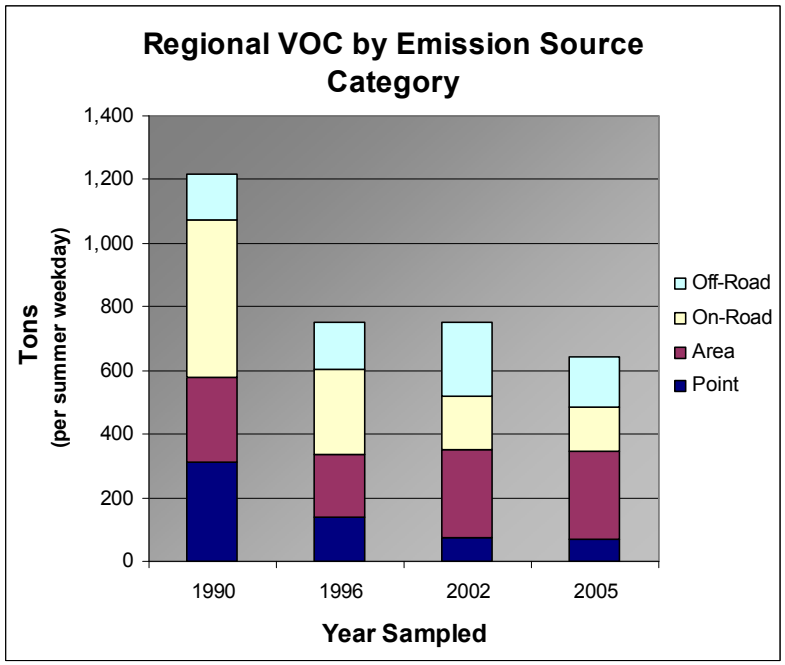
The change in NOx and VOC emitted by these sources over time is portrayed in the following four charts (next page).

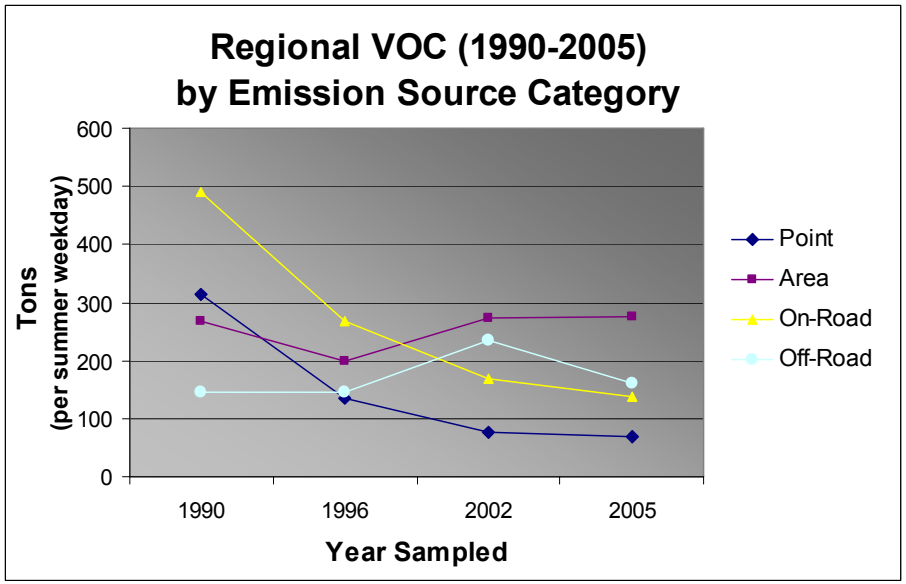
The first two charts show NOx source data. The first, displaying the total amounts of NOx by source – in 1990, 1996, 2002, and 2006 – indicates how there has been a small decrease in total NOx over time. The second NOx chart displays the change in the amount contributed by each source over time, highlighting how on-road and point sources have declined.

The second two charts portray VOC source data. The first, displaying the total amount of VOC by source – in 1990, 1996, 2002, and 2006 – show significant progress in reducing VOCs overall. The second VOC chart displays the change in each source category, again highlighting the significant decrease in on-road and point source VOC emissions since 1990.


Regional NOx by Emission Source Category
Tons
(per summer weekday)
1,200
1,000
800
600
400
200
0
1990
1996
2002
2005
Year Sampled
Off-Road
On-Road
Area
Point


Regional NOx (1990-2005)
by Emission Source Category
Tons
(per summer weekday)
600
500
400
300
200
100
0
1990
1996
2002
2005
Year Sampled
Point
Area
On-Road
Off-Road


Regional VOC by Emission Source Category
Tons
(per summer weekday)
1,400
1,200
1,000
800
600
400
200
0
1990
1996
2002
2005
Year Sampled
Off-Road
On-Road
Area
Point


Regional VOC (1990-2005)
by Emission Source Category
Tons
(per summer weekday)
600
500
400
300
200
100
0
1990
1996
2002
2005
Year Sampled
Point
Area
On-Road
Off-Road

Preliminary Conclusions/Next Steps

- The region is in nonattainment for the Clean Air Act, but is making progress.
- It is difficult to determine the "every day" ozone conditions, which may not register as exceedances, but hover just below the standard. IEPA's Air Quality Index (AQI) is being investigated as a better regional measure of everyday conditions.
- Much of our regional pollution is blowing in from outside the region.
- According to the source breakdown, it will important to investigate all contributors to air pollution – especially area and off-road mobile sources, which haven't shown as much progress.
- The recommendations section will consider what can the region do above and beyond actions mandated under the Clean Air Act.

Regional Air Quality Snapshot – Working Outline

I. Introduction
   a. What is air quality?
   b. Why is air quality an important issue in our region?
   c. How does air quality fit into *GO TO 2040*?

II. Air Pollution Sources/Effects
   a. Sources
      i. Point
      ii. Area
      iii. Mobile – on-road and off-road
   b. Effects
      i. Health (primary)
      ii. Environment/Property (secondary)
      iii. Other

III. Our Region's Air Quality
   a. Standards
   b. Data/Monitors
   c. Pollutants – exceedances and "every day"
      i. Ozone
      ii. PM
   d. Regional Source Breakdown
      i. NOx
      ii. VOC
   e. LADCO mega-region

IV. Current Regulatory Actions
   a. Federal
      i. Clean Air Act
      ii. SAFETEA-LU
      iii. National Environmental Policy Act (NEPA)
      iv. Energy Policy
   b. State
      i. State Implementation Plan (SIP)
      ii. Permitting
      iii. Emission Reduction Market System (ERMS)
      iv. Conformity
      v. Inspection and Maintenance
      vi. Monitoring and Reporting
   c. Regional/Local
      i. CMAP
      ii. Lake Michigan Air Directors Consortium (LADCO)
      iii. Local

V. Current Voluntary/Additional Efforts
   a. Federal
   b. State
   c. Regional/Local

VI. Proposed Strategies/Conclusions

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MEMORANDUM

To: Transportation Committee

Date: November 5, 2008

From: Matt Maloney, Senior Manager, Program and Policy Development

Re: Financial Plan for *GO TO 2040*

In *GO TO 2040*, CMAP intends to present a future scenario that makes optimum use of public and private resources. Thus, CMAP must evaluate and understand the fiscal capacity of the Chicago metropolitan area when proposing strategies and investments. In particular, CMAP's recommendations must itemize the net costs of particular strategies and identify which institutions, both public and private, should provide them. CMAP intends the *GO TO 2040* Financial Plan to fulfill these objectives.

Approach and Timeframe

The major tasks of the Financial Plan are as follows:

1. Assess the region's existing public finance, including revenues, expenditures, as well as a relevant policy issues pertaining to them;
2. Assess the financial implications of major *GO TO 2040* strategies including potential budgetary outlays, direct revenues, and fiscal impacts on relevant units of government;
3. Develop strategies for financing the plan's recommendations.

The financial plan will be developed in FY 2009 but not finalized until FY 2010. A number of CMAP staff are currently involved with this project; furthermore, the CMAP Board has approved a contract with S.B. Friedman & Company to assist with a number of work items. S.B. Friedman will perform some of the more challenging quantitative analyses related to the potential direct costs and revenues to units of government as a result of particular strategy implementation.

Assessment of Financial Implications of *GO TO 2040* Strategies

Staff resources are currently focused primarily on task 2, assessing the fiscal implications of major *GO TO 2040* strategies across CMAP's regional focus areas. This task is directly aligned and coordinated with the Plan's overall scenario evaluation process. The purpose is to assess the fiscal impact of providing these strategies through analyses of direct expenditures and revenues associated with their potential implementation. Staff will analyze expenditures and revenues related both to potential budgetary outlays by units of government as well as the private sector.

It is worth noting that the *economic* impacts of the plan's scenarios will be quantified primarily through economic modeling performed by the University of Illinois at Urbana Champaign's Regional Economic Applications Laboratory (REAL). Forecasted economic impacts will include regional productivity (GRP), population, and employment for a variety of sectors of the economy. In comparison, the scope of the financial plan is primarily "fiscal" in nature and relates more closely to the potential public finance impacts to various units of government.

Transportation Unit Costs

As part of task 2, staff is currently compiling information on recent or near term programmed transportation facility improvements and major maintenance items on a "per mile" or "per unit" basis. Items include: arterial road and expressway extensions, reconstruction, add lanes, resurfacing, new and rehabilitated interchanges, intersection improvements, bridge repair and replacement, HOV lanes, bus rapid transit projects, heavy rail and transit rehabilitation and expansions, new stations and station rehabs, freight improvements and dedicated freight facilities, bicycle and pedestrian facilities, grade separations, managed lanes and ITS elements.

Developing planning level estimates of both the unit costs and current expenditures requires a fair degree of judgment and assumption. While it is not necessary, nor practical, to consider every project distinction to get a reasonably accurate overall snapshot, it is important for our regional stakeholders to be comfortable with our cost assumptions. To this end, we request the further assistance of a smaller sub-group of willing member agencies on the Transportation Committee to review and assess staff assumptions on these items.

ACTION REQUESTED: Discussion